

FM Online Responsiveness Index 2002

Introduction

Drivers for evaluating the company online channel

Where it is difficult for customers (in this case investors) to differentiate products, essentially securities, the timely access to information about the company becomes as important as the information sought itself. The Internet offers a non-intrusive, readily available, interactive and multimedia presentation of information; essentially it offers more in the way of self-service than most other channels provided by the company. A recent study by the [Center for Communication Policy](#) at the University of California at Los Angeles has found that Internet users in the US are more inclined to source information from the Internet than books, newspapers, television and radio. A second finding was that at least half of those who did not have Internet access intend to gain access in the near future.

Companies have an opportunity to differentiate themselves not by having a website, but in the way they are able to provide for the information needs of their customers and potential customers. And, like the cell phone realised the need for personal mobile voice communication, so have websites realised the need (perhaps even the penchant) for content that is well structured, current, comprehensive and always available. Email has its own related appeal - perhaps it is slightly less immediate but the degree of personalisation offsets this effectively enough.

So the quality of the online channel becomes a means of differentiating a company's offering. At the same time there has been rapid adoption of this channel by customers as the principle means of gathering information and making contact. Both trends are forcing companies to take a strategic view of the channel. It thus becomes necessary to align the online strategy with corporate goals and to ground an understanding of the value-add of this channel in its evaluation.

Evaluating website and email communications should provide a company with good data to help it understand its customers and their communication needs better. Of course this should lead in turn to a better designed website and email management system, lower cost structures, better service to customers, and finally higher levels of customer satisfaction and, the "biggie", customer loyalty...

A recent study conducted by Jakob Nielsen, of professional and individual investors' use of corporate websites. The study found that a corporate website does form part of the research process that investors engage in but is not necessarily the primary source of financial information. It is therefore important to have an accessible website (either by having an intuitive URL or by being listed on commonly used search engines) that provides for the information requirements of the investor, but for the private and even more so for the professional investor, masses of financial data are not that useful. Independent, specialised services, like Bloomberg and Reuters, are providing better data in a more standardised and manageable format. What professional investors appreciated most on corporate websites was

content regarding management's view on the mission and vision of the company, as well as an overview of their statements on past, present and future performance and prospects – basically the company's view on its financial and market. For the individual investor simplified and condensed presentation of financial data was appreciated together with some statement of why the investor should invest in the company. Of course the value of this information diminishes the more it leans towards glib marketing hype.

But the evaluation of online investments is not a well developed or matured practice. How do you evaluate something as big, complex and dynamic as the Internet, something that is the end product of not just the IT department (if the IT department has done its job well) but all departments? There are no industry standards really (just a lot of names attached to books). Because of these difficulties the Internet does not seem wholly amenable to traditional means of IT evaluation.

This is true perhaps but not hopeless. The basic premise for the research commissioned by FM is to look at these issues from the user's perspective, it is essentially a user-centric approach. The methodologies we employed involved the tools available to the general user – their email and web browsers. We took the private Investor or potential investor as a stakeholder common to companies across industries. We tested the top 115 companies' website and email communication for its ability to support the information needs of this type of investor. We acknowledge that evaluating at a different time and/or for other scenarios might well have produced different results, but in so far as the metrics were applied uniformly without preference, we believe that the results are reflective of companies' online channels at a particular point in time.

Securities and companies excluded from the study

Of the top 115 securities by market capitalisation (September 2002 figures supplied by the JSE) the following duplications were found. In which case the security "inherited" the email score if the website scores were different (either because the URL were different or because within the same URL securities were separated into subsites). If the duplication was both in the website and email, like Kersaf in relation to Sun International, then this security was removed from the Index

Security	Website duplication	Email duplication	
AVGOLD LTD		Duplicate ANGLOVAAL MINING LTD	Inherits email score
ANGLO AMERICAN PLATINUM		ANGLO AMERICAN PLC	Inherits email score (no reply)
CTP HOLDINGS LTD ORD	No website	Duplicate CAXTON PUBLISH AND PRINT	Removed from index
CORONATION HLDGS LTD –N-	CORONATION HOLDINGS LTD	CORONATION HOLDINGS LTD	Removed from index
ANGLOGOLD LTD		GOLD FIELDS LTD	Inherits email score

INVESTEC PLC	INVESTEC LTD	INVESTEC LTD	Remove from index
KERSAF INVESTMENTS LTD	SUN INTERNATIONAL (SA)LD	SUN INTERNATIONAL (SA)LD	Removed from index
LIBERTY HOLDINGS LTD ORD	LIBERTY GROUP LTD	LIBERTY GROUP LTD	Removed from index
AFROX HEALTHCARE LTD		AFRICAN OXYGEN LTD ORD	Inherits email score (no reply)
INVESTEC PLC	INVESTEC LTD	INVESTEC LTD	Remove from index

MIH HOLDINGS LTD had delisted in the interim, and had to be removed from the Index even though a website score and email response were obtained. The email response received referred to Johnnic's IR.

HUNT LEUCHARS AND HEPBRN had delisted in the interim and had to be removed from the Index even though a website score and email response were obtained. The email response received confirmed this status.

A total 110 securities were included in the evaluation.

Companies without any means of online contact

CANADIAN OSEAS PACK ORD	No website	No email means of contact
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Companies without websites

REAL AFRICA HLDGS LTD	No website
SYCOM PROPERTY FUND	No website
AFRICAN LIFE ASSURANCE	No website
CAXTON PUBLISH AND PRINT	No website
GROWTHPOINT PROP LTD	No website
MVELAPHANDA RESOURCES LD	No website

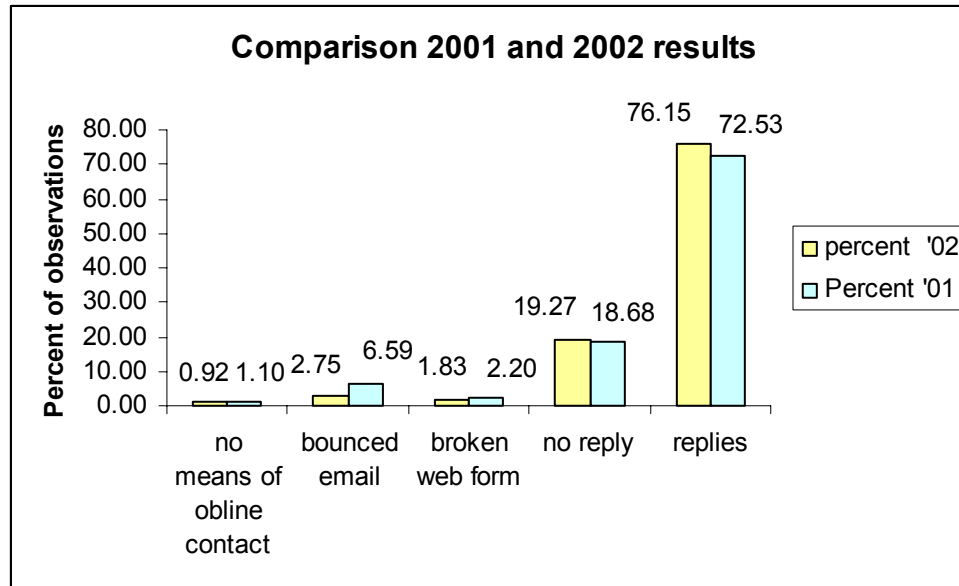
Failed email or web forms

INVESTEC LTD	Bounced back email
AFGRI LTD	Bounced back email
REMGRO LTD	Bounced

	back email
ASPEN PHARMACARE HLDGS	Broken form
IMPERIAL HOLDINGS LTD	Broken form

Companies with functional email or web forms but no reply received within the test period.

REAL AFRICA HLDGS LTD	No website	no reply
SYCOM PROPERTY FUND	No website	no reply
GENCOR LTD	www.gencor.com	no reply
AFROX HEALTHCARE LTD	www.afroxhealth.co.za	no reply
RICHEMONT SECURITIES DR	www.richemont.com	no reply
HIVELD STEEL AND VANADUM	www.highveldsteel.co.za	no reply
PIK N PAY STORES LTD	www.picknpay.co.za	no reply
JOHNNIC HOLDINGS LTD	www.johnnic.com	no reply
UNITED SERV TECHNOLOGIES	www.go2uti.com	no reply
ASSORE LTD	www.assore.com	no reply
WESTERN AREAS LTD	www.westernareas.co.za	no reply
MESSINA LTD	www.southernera.com	no reply
ABSA GROUP LIMITED	www.absa.co.za	no reply
SANTAM LTD	www.santam.co.za	no reply
BHP BILLITON PLC	www.bhpbilliton.com	no reply
AFRICAN OXYGEN LTD ORD	www.afrox.com	no reply
ALLIED TECHNOLOGIES	www.altech.co.za	no reply
OLD MUTUAL PLC	www.oldmutual.com	no reply
KUMBA RESOURCES LTD	www.kumbaresources.com	no reply
LIBERTY INTERNATIONAL PLC	www.liberty-international.co.uk	no reply
ANGLO AMERICAN PLC	www.angloamerican.co.uk	no reply



Web Usability Evaluation

The WWW Investor Relations usability survey involved the following scenario: a hypothetical individual/private investor who wished to invest an amount of money in a company and wanted to use the WWW to find out more information about the various companies as listed on the JSE. Once arriving at the homepage of each of the companies, the investor wanted to find certain financial information about the company. Two valuable pieces of financially-related information were the Annual Report (or the latest Interim Report) and the historical share price. Since the investor understood something about the socio-political climate in South Africa they also wished to see how the companies were complying with recent company legislation and to see how the company was doing 'in the news' (e.g. news releases, press releases; and preferably an article on their social responsibility). Hence they wished to find out about the company's corporate governance policy, details on the executive/director management profile and their news profile (preferably an article on the company where it's social responsibility has been promoted). Finally, they wished to find contact details of the investor relations contact person (or a suitable alternative) should they have any further questions.

The WWW IR usability index makes use of general usability criteria:

1. Ease of finding the information on the website (operationalised as the minimum number of clicks to obtain certain "key pieces of investor information" and the minimum number of clicks between these pieces of information).
2. Ease of finding information within a webpage (operationalised as having to scroll down the webpage to find the information and/or the link to that information).
3. Ease of accessing the information (operationalised as having to open documentation with other applications such as Adobe Acrobat, where a web browser is the standard application).

4. Alignment with other communication media (i.e. telephone number, email address, postal address) for the Investor Relations Director/Manager).
5. The professionalism of the website in terms of IR requirements.

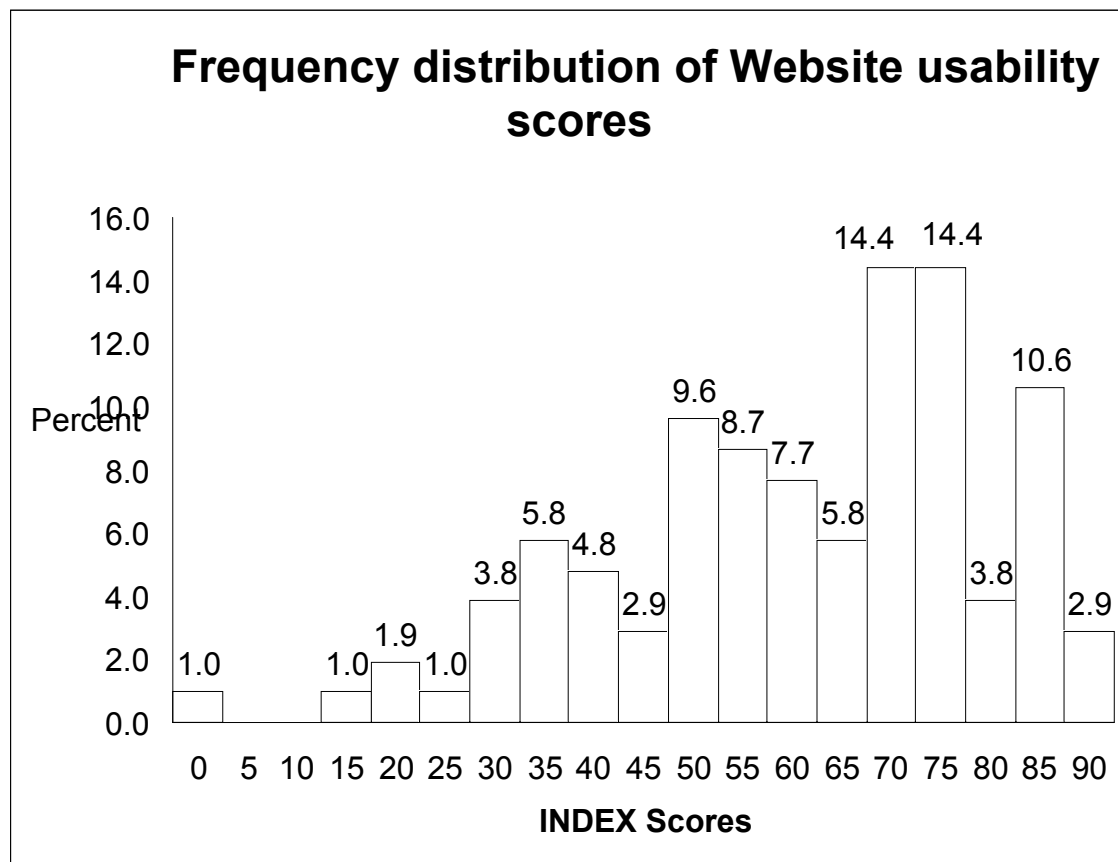
Unlike the Web Usability index in 2001/2 (which just looked at the distance from the homepage to various pieces of information), this index 2002/3 looked at the matrix of paths from the homepage to each of these six pieces of information and between each of these six pieces of information. Each time the investor clicked on a hyperlink they scored 1 point. The points for each click were accumulated until the investor arrived at the content of the relevant webpage (i.e. not when they can see a hyperlink). If the information was contained within one webpage (e.g. a single PDF document) then a score of 1 point was assigned if the investor has to scroll to find it or had to click on a target link to go to the same place in the webpage. If they were in the same webpage and the investor could see the information without having to scroll down then 0 points were assigned. If information was not to be found on the website, then the maximum number of clicks (for the whole group) was assigned. Since the usability index consisted of a matrix between the information sources this would have had a knock-on effect. We also looked at the flexibility in the format of the Annual Report (whether it was only in PDF format or only in html format and whether it was in languages other than English), the contact details for the Investor Relations contact person and the necessity in having to scroll down a webpage in order to find the important information.

We also included three subjective measures in this 2002/3 WWW IR usability index. These were:

- a) Rating the ease of navigation to important information
The investor rated how easy it was to find their way around the company's website, whether the hyperlink names made sense, whether they were clearly marked as hyperlinks, whether the investor was getting lost, whether the structure was complex.
- b) Rating the 'professional' investor relations 'look and feel'
The investor rated the professional look and feel of the website in terms of the financial seriousness of the website. Websites that had not had money invested in them in terms of 'look and feel' would indicate companies that were not concerned about their online image. They must reflect a business-related image, must download smoothly, and must not rely on fancy graphics-intensive applications.
- c) Rating the applicability of information to the investor
The investor rated the content of the information. Most annual reports give standard information, but the summaries and news articles help get the relevant information to the investor. The investor rated the extent to which the company used the hierarchical nature of hypertext to facilitate this transfer of multi-level understanding to the investor.

Due to the large amount of data that had to be gathered, the evaluations were conducted between 14 December 2002 and 6 January 2003. The website addresses were obtained from the JSE list and were confirmed through visual inspection. Where website addresses were not

listed, searches using Ananzi and Google were conducted to ensure that their omission was not an oversight. Those companies that are listed on the Top 100 of the JSE by market capitalization but are not contained in this report did not have usable websites during the evaluation period. It was not expected that organisations would have changed their websites during the course of these investigations, but some organisations may subsequently make substantial changes to their websites. This index represents the status of the websites during the investigation period and says nothing about websites that have subsequently undergone substantial revision or change. It must also be remembered that there was a certain element of subjectivity to these ratings. A significant portion of the index consists of subjective ratings based on the comparisons between more than 100 companies' websites. Companies that did badly on the index usually did so because there was insufficient information on the website.



A Software Based (eValid) Evaluation of Websites

We analysed the top 12 websites and the bottom 10 using eValid (www.e-valid.com) to see if there could be anything more said about the company's website in general besides the usability scores we obtained manually. eValid is a browser based testing solution, which tests a website from the perspective of the user and is most suited to our methodology. It gave us the following metrics: total links mapped (max was set at 500), the total bytes down loaded, the site depth (max set at 3 layers), unavailable or broken pages, pages larger than 1024 bytes, pages taking longer than 6 seconds to down load, pages older than 24hrs, complex pages

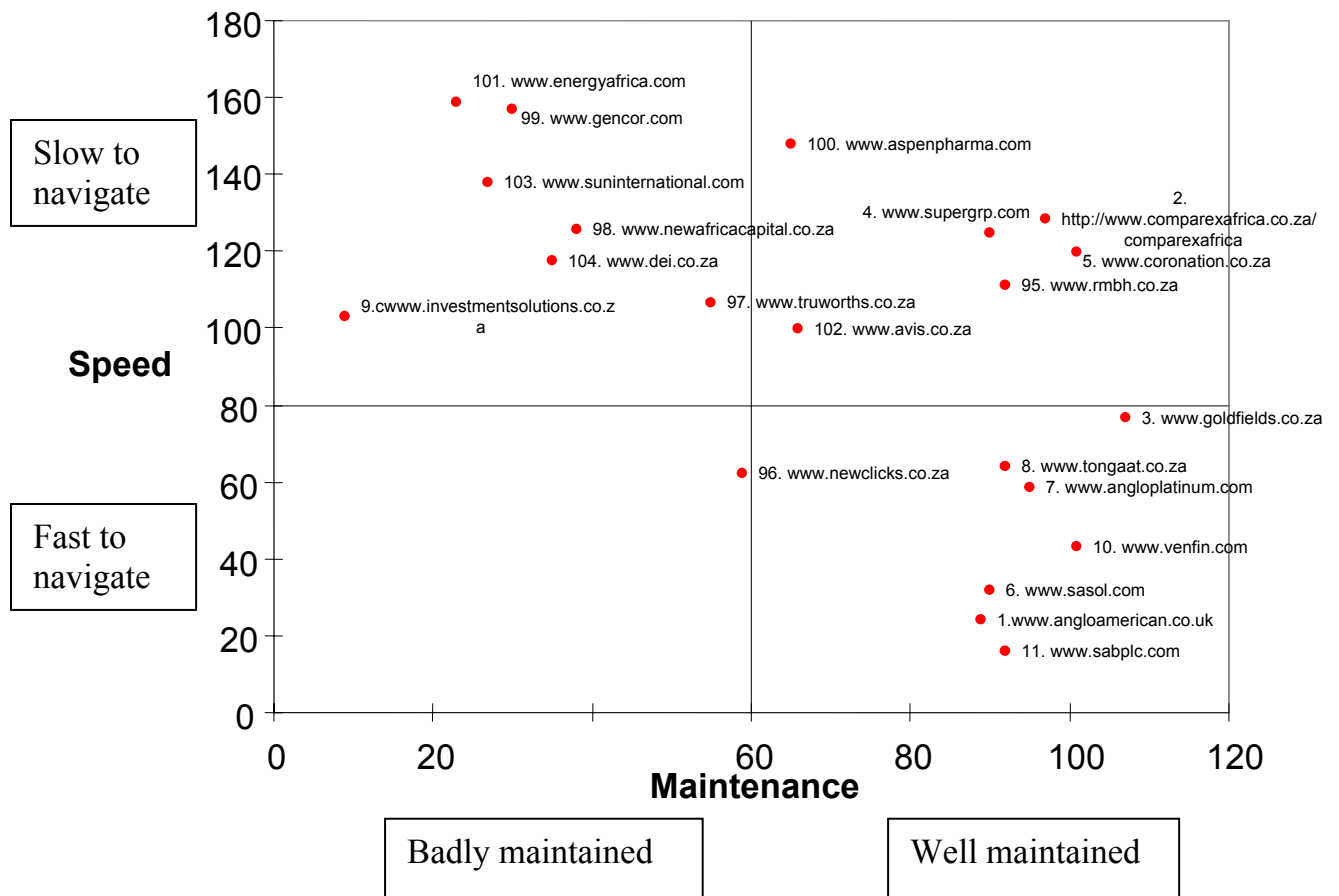
(with more than 16 links, bigger than 1024 and taking longer than 6 seconds to load), we also generated a report of the pages that contained an email address in the mailto: format.

The first thing that became obvious about the top 12 sites when compared to the bottom 10, is that they tended to be larger in size 100 to 500 plus links. The bottom 10 sites are all relatively small. This makes one inclined to think that the bottom 10 companies are still conceiving of their websites as mere generic company brochure ware. The top 12 companies on the other hand are really putting a lot of effort into their online channel, it is clear that these companies, to varying degrees of success are starting to make good use of this channel. Two interesting observations are Coronation's website which was a relatively small site but achieved a high investor usability score. This means that the Coronation site is very focused on the investor. New Africa Capital while a relatively large site achieved a low usability score, this means that it does not cater very well for investors but perhaps is focused on another stakeholder or many other stakeholders superficially.

Using the metrics obtained so far, two dimensions in which we can position sites become apparent. The first is an indication of how well the site is maintained and is made up of the following metrics: the index rating, the number of broken links and the number of old pages. A badly maintained site would produce a low index score, there being not much for the investor, several broken links, and old pages. The second dimension relates to the speed of the site and this is made up of the ratio of bytes to pages/links (the spread of content across the mapped site), the number of large pages and the number of complex pages. The higher the concentration of bytes to links, and the larger the number of large pages and complex pages, the slower will be the navigation of the user through the site.

Plotting a website on these two dimensions gives some indication of the experience users, particularly the investor, will have of the site. Badly maintained websites that are slow will produce the greatest amount of frustration for users. The best experience is provided by those sites through which the user can navigate quickly, finding information that is well laid out, current and available.

Slow sites	Slow and poorly maintained sites	Slow but user will get the information required with a little patience
Fast sites	User will navigate quickly through these sites but not find much content relevant to investor	The best online experience
	Badly maintained sites	Well maintained sites



Laying out the results in this way gives some indications of what the investor is likely to encounter. For example the investor will take some time to discover that the gencor, suninternational, energyafrica and dei sites are not going to be terribly helpful for this purpose. A surprise was investment solutions which while it had a high usability rank (9) but was heavily penalised by the number of broken links, complex pages and other navigational hazards the investor could have encountered. Very quickly would the investor have discovered that newclicks had little to offer the investor. The rmbh site would have been a bit on the slow side, but a very well looked after site, even if the investor did not get much out of it for his/her purposes, the same goes for the aspenpharma site. The high performance sites with a dedicated and professional team backing them are all nicely clustered together in the lower right hand quadrant. This is of course only one half of what makes up the online channel.

Email Evaluation

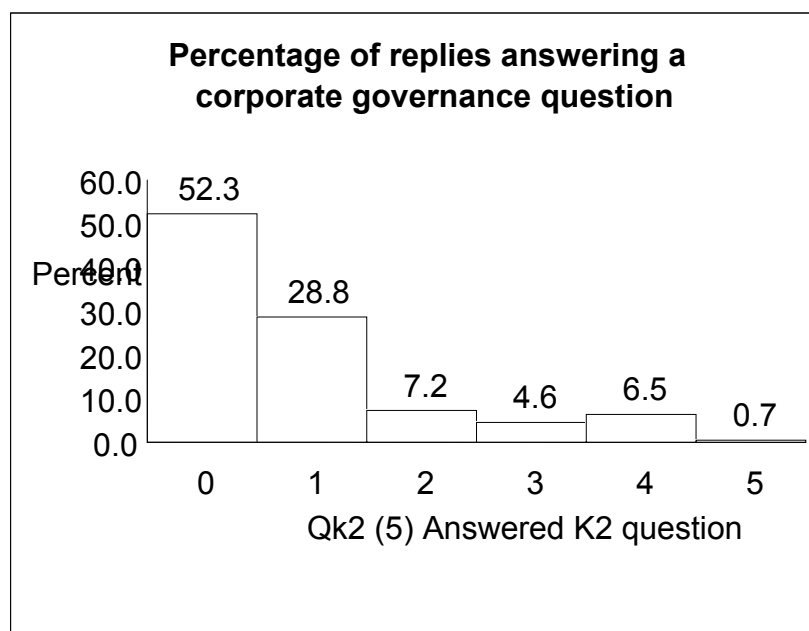
We acquired email addresses from a secondary source, namely Inet Bridge, from this source we either got the investor relations contact or if this was not available the company secretary,

for every company on our list. Only if the emails bounced back did we go into the company's website and try to find some other means of contact, preferably an email address and a webform. Companies for whom we had to do this were penalised a day on their time to respond, the reasoning was that it would take the enquirer extra time to find another means of contact.

In this way we were able to get contacts for most of the companies on our list. We then constructed a series of four investor relevant questions, one of which provided by FM related to corporate governance. The email was sent to companies in the last week of November and a reminder to those companies that had not responded yet in the second week of December. Given that the study was conducted so close to the holiday period we decided to run the email part until the second week of January 2003.

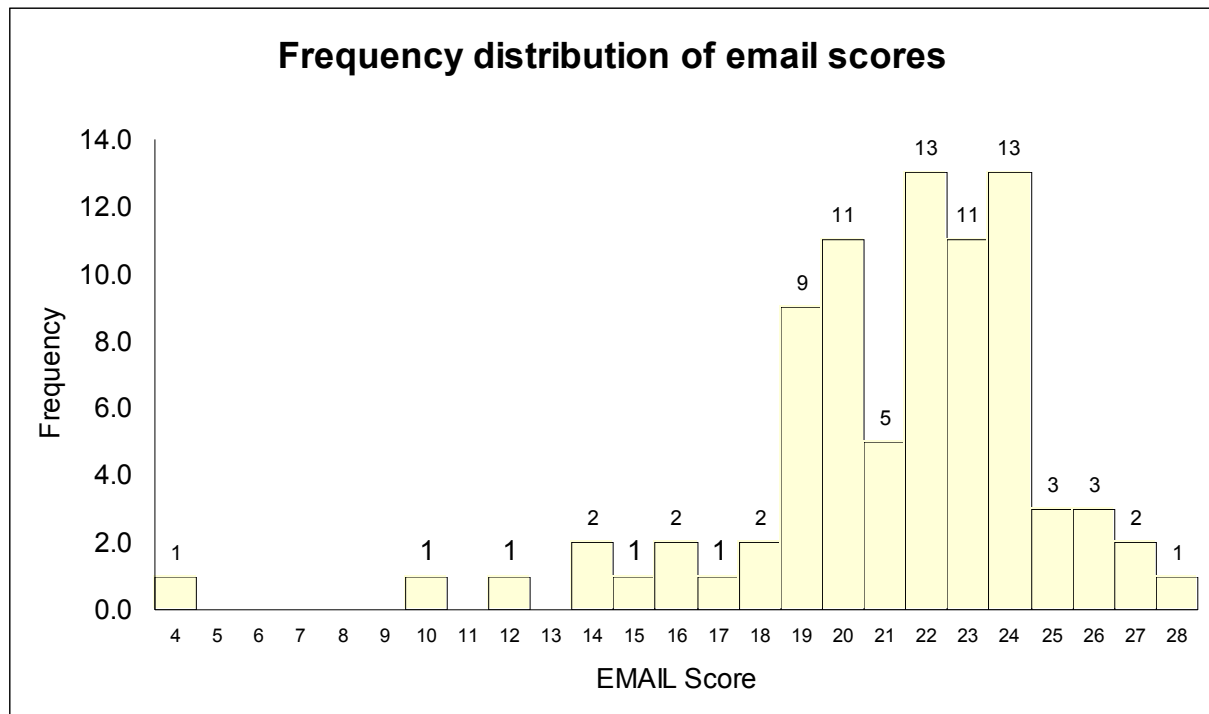
We then evaluated the responses that we received in terms of their quality. Quality was made up of an Affect (contributing 20%) and a Content (contributing 40%) measure. The Affect measure was given by the appearance and style of the email, the degree to which it conformed with some generally accepted guidelines of business email etiquette. Content was assessed by its ability to address all of the questions asked. The corporate governance question was classified into 5 distinct types of response:

- 0 = Did not address the question,
- 1 = referred to the annual report,
- 2 = referred to a specific part or section of the annual report,
- 3 = addressed the question directly with a statement of position;
- 4 = said they were in the process of assessing their corporate governance status;
- 5 = said they had done an evaluation and where compliant or were taking specific steps to become compliant.

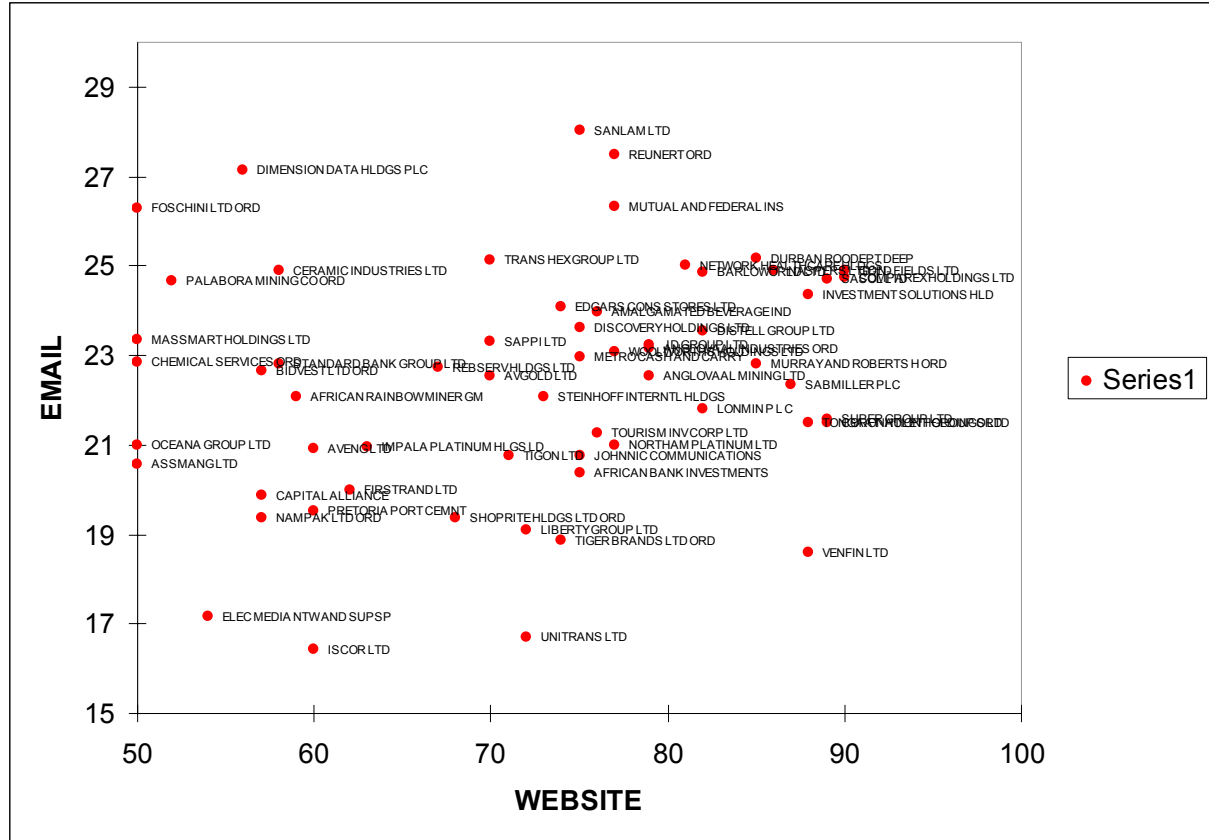


This ranking gives some indication of what companies or their representatives are saying about themselves and corporate governance.

The timing of the response was also measured. The email index was made up of these three measures Affect (20%), Content (40%), and Time to Respond (40%).



Quadrant 1: Above average email and website score



Quadrant 4 Below average email and websites scores

